

**HOUSING AUTHORITY OF  
NATCHITOCHES PARISH  
Natchitoches, Louisiana**

**Basic Financial Statements  
With Independent Auditors' Reports  
As of and for the Year Ended  
June 30, 2008  
With Supplemental Information Schedules**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date

4/28/10

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

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June 30, 2008  
With Supplemental Information Schedules

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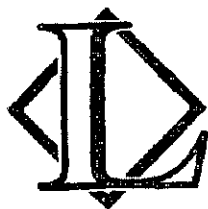
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Natchitoches, Louisiana  
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*Independent Auditors' Report*



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report**

To the Board of Commissioners  
Housing Authority of Natchitoches Parish  
Natchitoches, Louisiana

We have audited the accompanying financial statements of the business-type activities, the component unit, and each major fund of the Housing Authority of Natchitoches Parish as of and for the year ended June 30, 2008, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Housing Authority of Natchitoches Parish's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the component unit, and each major fund of the Housing Authority of Natchitoches Parish as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2009, on our consideration of the Housing Authority of Natchitoches Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Natchitoches Parish's basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, and the schedule of compensation paid board members are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, and the schedule of compensation paid board members have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Little & Associate, P.C.*

Monroe, Louisiana  
December 30, 2009

## *Management's Discussion and Analysis*

# Housing Authority of Natchitoches Parish, Louisiana

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## Management's Discussion and Analysis (MD&A)

June 30, 2008

(Unaudited)

We, the management of the Housing Authority of Natchitoches Parish, Louisiana (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended June 30, 2008. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

### FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities by \$2,498,727 at the close of the fiscal year ended 2008. Of this amount, \$357,137 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount is approximately seventeen percent (21%), or about two and one-half months, of the total operating expenses (before depreciation expense) for the fiscal year 2008. Net assets of \$1,787,051 represents restrictions equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$7,235,647, net of accumulated depreciation of \$5,434,665. Net assets of \$364,539 represent restrictions of 346,542 for the Housing Choice Voucher program's housing assistance payments and \$7,997 resulting from a playground grant.
- The Housing Authority's total net assets decreased by \$218,705, approximately 8%, from fiscal year 2007.
- The Housing Authority continues to operate without the need to incur debt for operating purposes.

### USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a



## Management's Discussion and Analysis (MD&A)

June 30, 2008

(Unaudited)

useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner

The *statement of revenue, expenses and changes in net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

### HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into the reporting for the primary government. The Housing Authority's significant programs consist of the following:

**Low-Income Public Housing** – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

**Capital Fund Program** – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units.

**Section 8 Housing Assistance – Housing Choice Voucher Program** – These programs assist low-income families in affording decent, safe and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low-income families.

### FINANCIAL ANALYSIS

#### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The

## Management's Discussion and Analysis (MD&A)

June 30, 2008

(Unaudited)

Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains several funds. The General Fund is used to account for the low rent, capital fund, and family self sufficiency programs. The Housing Assistance Programs fund accounts for the Section 8 Housing Choice Vouchers program and the Disaster Voucher Program. The fund financial statements can be found on pages 9 through 13 of this report.

### *Notes to the Financial Statements*

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 14 through 25 of this report.

### *Net Assets and Changes in Net Assets*

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$2,498,727 at June 30, 2008. By far the largest portion of the Housing Authority's net assets (72%) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. The unrestricted net assets of the Housing Authority are available for future use to provide program services. The restricted assets are available for housing assistance payments and the acquisition of playground equipment. An analysis of net assets and changes in net assets is as follows:

	Net Assets	
	2008	2007
Current assets	\$ 488,861	\$ 542,794
Restricted assets	357,550	367,344
Capital assets, net	1,800,982	1,965,695
Total assets	2,647,393	2,875,833
Current liabilities	122,526	142,105
Long-term liabilities	26,140	16,296
Total liabilities	148,666	158,401
Net assets		
Invested in capital assets, net of related debt	1,787,051	1,965,695
Restricted	354,539	345,698
Unrestricted	357,137	406,039
Total net assets	\$ 2,498,727	\$ 2,717,432

## Management's Discussion and Analysis (MD&A)

**June 30, 2008**

**(Unaudited)**

### Change in Net Assets

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>Revenues:</b>			
Dwelling rental and other	\$ 188,697	\$ 169,763	\$ 18,934
Interest earnings	26,286	23,170	3,116
Gain (Loss) on casualty	(13,620)	-	(13,620)
Federal grants	1,441,187	1,456,783	(15,596)
Capital contributions	67,819	41,171	26,648
Total revenues	<u>1,710,369</u>	<u>1,690,887</u>	<u>\$ 19,482</u>
<b>Expenses:</b>			
Administration	433,122	437,976	(4,854)
Tenant services	1,003	161	842
Utilities	15,440	16,512	(1,072)
Ordinary maintenance and repairs	210,178	138,254	71,924
General expenses	94,374	53,380	40,994
Housing assistance payments	931,481	879,339	52,142
Interest Expense	736	-	736
Depreciation and amortization	242,740	229,058	13,682
	<u>1,929,074</u>	<u>1,754,680</u>	<u>174,394</u>
Change in net assets	(218,705)	(63,793)	(154,912)
Beginning net assets	<u>2,717,432</u>	<u>2,781,225</u>	<u>(63,793)</u>
Ending net assets	<u>\$ 2,498,727</u>	<u>\$ 2,717,432</u>	<u>(218,705)</u>

Total revenues increased by \$19,482 due primarily to:

- Dwelling Rental and Other in the amount of \$18,934 – The “number of unit months leased” increased by twenty-nine unit months from the prior year.
- Capital Contributions in the amount of \$26,648 – The Housing Authority received a Rapides Foundation Grant in the amount of \$10,000 for playground equipment.

## Management's Discussion and Analysis (MD&A)

June 30, 2008

(Unaudited)

Total expenses increased by \$174,394 due primarily to:

- Ordinary Maintenance and Repairs in the amount of \$71,924 – A significant amount of necessary repair and maintenance work was performed on the projects.
- General Expenses in the amount of \$40,994 – Insurance costs increased from the prior year, and the Housing Authority incurred significant costs for environmental reviews of the projects.
- Housing Assistance Payments of \$52,142 – Increase in the amount of housing assistance provided by the Housing Authority under the Section 8 Housing Choice Voucher program it administers.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

As of June 30, 2008, the Housing Authority's investment in capital assets was \$1,800,982 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a decrease (including additions, deductions, and depreciation) of \$164,713.

	2008	2007
Land	\$ 221,890	\$ 221,890
Buildings and improvements	6,584,731	6,535,916
Furniture and equipment	366,016	310,780
Construction in progress	63,011	89,035
Totals	7,235,648	7,157,621
Less accumulated depreciation	(5,434,666)	(5,191,926)
	<u>\$ 1,800,982</u>	<u>\$ 1,965,695</u>

Major capital assets purchased during the year ended June 30, 2008, included playground equipment and improvements to dwelling structures. Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

#### *Debt/Long-Term Obligations*

The Housing Authority's debt consists of accrued annual leave and a capitalized lease obligation for office equipment. We present more detail about our debt in the notes to the financial statements.

## **Management's Discussion and Analysis (MD&A)**

**June 30, 2008**

**(Unaudited)**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Housing Authority is expected to receive approximately \$246,000 in Operating Subsidy from HUD for the year ending June 30, 2009. The 2007 - 2009 Capital Fund Program budgets have already been approved by HUD and no major changes are expected. The Capital Fund Program budgets are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties, including administrative fees involved in the modernization.

As of June 30, 2008, the Housing Authority has \$235,278 of approved funding available for future spending under its 2007 - 2008 Capital Fund Programs. In September 2009, the Housing Authority received approval for funding in the amount of \$148,155 for its 2009 Capital Fund Program. In addition, the Housing Authority has received approval for \$188,519 in funding through the American Recovery and Reinvestment Act of 2009 (the Stimulus Package).

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Theresa F. Gibson, Executive Director, Housing Authority of Natchitoches Parish, 525 Fourth Street, Natchitoches, Louisiana 71458 or call telephone number (318) 352-1620.

## ***Basic Financial Statements***

## STATEMENT A

## HOUSING AUTHORITY OF NATCHITOCHES PARISH

BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 2008

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 5,599	\$ 37,221	\$ 42,820	\$ 1,204	\$ 44,024
Investments	295,337	50,126	345,463	-	345,463
Receivables (net of allowances for uncollectibles)	54,627	-	54,627	-	54,627
Internal balances - interprogram	(46,785)	46,785	-	-	-
Inventory	6,253	-	6,253	-	6,253
Prepaid expenses	38,709	989	39,698	-	39,698
Total Current Assets	353,740	135,121	488,861	1,204	490,065
Restricted Assets:					
Cash and cash equivalents-tenant deposits	8,708	-	8,708	-	8,708
Cash and cash equivalents-escrow & HAP equity	-	40,415	40,415	-	40,415
Investments	-	308,427	308,427	-	308,427
Total Restricted Assets	8,708	348,842	357,550	-	357,550
Noncurrent Assets:					
Capital assets:					
Land	221,890	-	221,890	63,000	284,890
Buildings and equipment (net of accumulated depreciation)	1,577,287	-	1,577,287	218,866	1,796,153
Construction in progress	1,805	-	1,805	-	1,805
Total Non-Current Assets	1,800,982	-	1,800,982	281,866	2,082,848
<b>TOTAL ASSETS</b>	<b>\$ 2,163,430</b>	<b>\$ 483,963</b>	<b>\$ 2,647,393</b>	<b>\$ 283,070</b>	<b>\$ 2,930,463</b>

(CONTINUED)

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 2008

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 12,486	\$ 1,938	\$ 14,424	\$ -	\$ 14,424
Accrued wages, taxes and benefits	9,577	2,518	12,095	-	12,095
Deferred revenues	5,691	-	5,691	-	5,691
Due to other governments	64,028	-	64,028	-	64,028
Other liabilities	-	4,503	4,503	-	4,503
Note payable	-	-	-	295,201	295,201
Capitalized lease obligation - current portion	4,414	-	4,414	-	4,414
Accrued compensated absences - current portion	6,389	2,274	8,663	-	8,663
Total Current Liabilities	102,585	11,233	113,818	295,201	409,019
Current liabilities payable from restricted assets - tenant security deposits	8,708	-	8,708	-	8,708
Noncurrent Liabilities:					
Capitalized lease obligation - net of current portion	9,517	-	9,517	-	9,517
Accrued compensated absences - net of current portion	10,787	5,836	16,623	-	16,623
Total Non-Current Liabilities	20,304	5,836	26,140	-	26,140
Total Liabilities	131,597	17,069	148,666	295,201	443,867
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,787,051	-	1,787,051	(13,335)	1,773,716
Restricted	7,997	346,542	354,539	-	354,539
Unrestricted	236,785	120,352	357,137	1,204	358,341
Total Net Assets	2,031,833	466,894	2,498,727	(12,131)	2,486,596
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,163,430</b>	<b>\$ 483,963</b>	<b>\$ 2,647,393</b>	<b>\$ 283,070</b>	<b>\$ 2,930,463</b>

(CONCLUDED)

The accompanying notes are an integral part of this statement.



**HOUSING AUTHORITY OF NATCHITOCHIES PARISH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
<b>OPERATING REVENUES</b>					
Dwelling rental	\$ 141,269	\$ -	\$ 141,269	\$ 30,372	\$ 171,641
Other	39,408	8,020	47,428	6,660	54,088
Total Operating Revenues	180,677	8,020	188,697	37,032	225,729
<b>OPERATING EXPENSES</b>					
Administration	307,192	125,930	433,122	2,391	435,513
Tenant services	1,003	-	1,003	-	1,003
Utilities	15,440	-	15,440	-	15,440
Ordinary maintenance and operations	189,822	20,356	210,178	300	210,478
General expenses	90,982	3,392	94,374	3,416	97,790
Housing assistance payments	-	931,481	931,481	-	931,481
Depreciation	242,740	-	242,740	5,925	248,665
Total Operating Expenses	847,179	1,081,159	1,928,338	12,032	1,940,370
<b>OPERATING INCOME (LOSS)</b>	<b>(666,502)</b>	<b>(1,073,139)</b>	<b>(1,739,641)</b>	<b>25,000</b>	<b>(1,714,641)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earnings	12,238	14,048	26,286	19	26,305
Gain (Loss) on casualty	(13,620)	-	(13,620)	-	(13,620)
Interest expense	(736)	-	(736)	(23,079)	(23,815)
Federal grants	362,321	1,078,866	1,441,187	-	1,441,187
Total Nonoperating Revenues (Expenses)	360,203	1,092,914	1,453,117	(23,060)	1,430,057
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(306,299)</b>	<b>19,775</b>	<b>(286,524)</b>	<b>1,940</b>	<b>(284,584)</b>
Capital contributions	67,819	-	67,819	-	67,819
<b>CHANGE IN NET ASSETS</b>	<b>(238,480)</b>	<b>19,775</b>	<b>(218,705)</b>	<b>1,940</b>	<b>(216,765)</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>2,270,313</b>	<b>447,119</b>	<b>2,717,432</b>	<b>(14,071)</b>	<b>2,703,361</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 2,031,833</b>	<b>\$ 466,894</b>	<b>\$ 2,498,727</b>	<b>\$ (12,131)</b>	<b>\$ 2,486,596</b>

The accompanying notes are an integral part of this statement.

## HOUSING AUTHORITY OF NATCHITOCHES PARISH

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
<b>Cash Flows From Operating Activities</b>					
Dwelling rent receipts	\$ 140,268	\$ -	\$ 140,268	\$ 30,372	\$ 170,640
Other receipts	17,692	8,020	25,712	6,660	32,372
Payments to suppliers	(297,623)	(65,179)	(362,802)	(6,540)	(369,342)
Payments to employees	(319,498)	(85,463)	(404,961)	-	(404,961)
Housing assistance payments	-	(931,481)	(931,481)	-	(931,481)
Net Cash Provided (Used) by Operating Activities	(459,161)	(1,074,103)	(1,533,264)	30,492	(1,502,772)
<b>Cash Flows From NonCapital Financing Activities</b>					
Advances (to) from other funds	61,704	(61,704)	-	-	-
Other receipts	6,080	-	6,080	-	6,080
Other expenses	(19,700)	(7,811)	(27,511)	-	(27,511)
Federal grants	347,791	1,080,649	1,428,440	-	1,428,440
Net Cash Provided (Used) by Noncapital Financing Activities	395,875	1,011,134	1,407,009	-	1,407,009
<b>Cash Flows From Capital and Related Financing Activities</b>					
Interest paid on capital debt	(736)	-	(736)	(23,079)	(23,815)
Principal paid on capital debt	(4,274)	-	(4,274)	(7,257)	(11,531)
Contributed Capital	62,819	-	62,819	-	62,819
Acquisition and construction of capital assets	(59,822)	-	(59,822)	-	(59,822)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,013)	-	(2,013)	(30,336)	(32,349)
<b>Cash Flows From Investing Activities</b>					
(Increase) Decrease in investments	48,369	(250,224)	(201,855)	-	(201,855)
Interest and dividends received	13,436	14,048	27,484	19	27,503
Net Cash Provided (Used) by Investing Activities	61,805	(236,176)	(174,371)	19	(174,352)
Net Increase in Cash and Cash Equivalents	(3,494)	(299,145)	(302,639)	175	(302,464)
Cash and Cash Equivalents, Beginning of Year	17,801	376,781	394,582	1,029	395,611
Cash and Cash Equivalents, End of Year	\$ 14,307	\$ 77,636	\$ 91,943	\$ 1,204	\$ 93,147

(CONTINUED)

The accompanying notes are an integral part of this statement.

## HOUSING AUTHORITY OF NATCHITOCHES PARISH

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	HOUSING ASSISTANCE PROGRAMS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT ASSISTED AND SAFE HOMES, INC.	TOTAL
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ (666,502)	\$ (1,073,139)	\$ (1,739,641)	\$ 25,000	\$ (1,714,641)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	242,740	-	242,740	5,925	248,665
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(22,381)	-	(22,381)	-	(22,381)
(Increase) decrease in inventories	(2,959)	-	(2,959)	-	(2,959)
(Increase) decrease in prepaid items	(569)	(989)	(1,558)	-	(1,558)
Increase (decrease) in accounts payable	8,392	1,863	10,255	(433)	9,822
Increase (decrease) in tenant deposits	(624)	-	(624)	-	(624)
Increase (decrease) in accrued wages, taxes, & benefits	(20,023)	(5,452)	(25,475)	-	(25,475)
Increase (decrease) in deferred revenue	288	-	288	-	288
Increase (decrease) in due to other governments	6,612	-	6,612	-	6,612
Increase (decrease) in compensated absences	(3,211)	3,614	403	-	403
Increase (decrease) in other liabilities	(924)	-	(924)	-	(924)
Total Adjustments	207,341	(964)	206,377	5,492	211,869
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (459,161)</b>	<b>\$ (1,074,103)</b>	<b>\$ (1,533,264)</b>	<b>\$ 30,492</b>	<b>\$ (1,502,772)</b>

## Cash and Cash Equivalents are Included in the

## Balance Sheet as Follows:

## Current Assets:

## Cash and cash equivalents

## Restricted Assets:

## Cash and cash equivalents - tenant deposits

## Cash and cash equivalents - crow &amp; HAP equity

## Supplemental Disclosure of Noncash Capital/Financing Activities:

## Acquisition of capital asset through capitalized

## lease obligation

The accompanying notes are an integral part of this statement.

(CONCLUDED)

*Notes to the Financial Statements*

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The Housing Authority of Natchitoches Parish, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Parish Police Jury of Natchitoches Parish. The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	92
Section 8 – Housing Choice Voucher	334

The Housing Authority also manages 62 units through management contracts for two projects.

Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of Natchitoches Parish is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of Natchitoches Parish, Louisiana since the Parish appoints a voting majority of the Housing Authority's governing board. The Parish is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, Natchitoches Parish. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of Natchitoches Parish.

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that Assisted and Safe Homes, Inc. (the "Organization"), a legally separate entity, is a component unit of the Housing Authority. The members of the Board of Commissioners of the Housing Authority serve on the Board of Directors of the Organization. The Housing Authority's Board of Commissioners maintains a voting majority of the Organization's Board of Directors, and the Housing Authority has the ability to impose its will on the Organization. As a result, the Housing Authority has included the financial statements of Assisted and Safe Homes, Inc. in its financial statements through discrete presentation. The financial position, changes in net assets, and cash flows of Assisted and Safe Homes, Inc. are presented as of and for the year ended December 31, 2008. The separate financial statements of Assisted and Safe Homes, Inc. can be obtained from the Natchitoches Parish Housing Authority, 529 Fourth Street, Natchitoches, Louisiana.

## **B. BASIS OF PRESENTATION AND FUNDS**

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity,

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

is an important financial indicator. The general fund accounts for the transactions of the Public and Indian Housing program (low rent program), the Public Housing Capital Funds program, and the Public Housing Family Self-Sufficiency Under Resident Opportunities and Supportive Services program. The housing assistance programs fund consists of the Section 8 – Housing Choice Vouchers Program, for which the Housing Authority is the contract administrator, and the Disaster Voucher Program.

The Housing Authority's operating revenues include dwelling rentals, tenant charges, and other revenues. Revenues that are not classified as operating revenues are presented as nonoperating revenues or capital contributions depending on the purpose of the revenue.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments* (the "Statement").

#### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are reported in the accompanying financial statements on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

#### **D. BUDGET PRACTICES**

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

Budgets are approved by the Board of Commissioners and, in certain instances, by HUD. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the Board of Commissioners and, in certain instances HUD; however, the Executive Director is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2008**

with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits and other financial instruments having an original maturity of ninety days or less, and cash with the fiscal agent.

**F. INVESTMENTS**

Investments are limited by LSA-RS 33:2955 and the Housing Authority's investment policy. Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost in accordance with generally accepted accounting principles.

**G. BAD DEBTS**

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

**H. INTERNAL BALANCES**

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are classified in internal balances on the balance sheet. The internal balances are eliminated at the reporting level in the balance sheet.



**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**I. INVENTORY**

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

**J. PREPAID EXPENSES**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**K. TENANTS' REFUNDABLE SECURITY DEPOSITS**

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

**L. CAPITAL ASSETS**

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. The capitalization threshold is \$250. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	33 years
Building and site improvements	15 years
Furniture and fixtures	5-7 years
Computers	3 years

**M. VACATION AND SICK LEAVE**

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**N. RESTRICTED NET ASSETS**

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**O. RISK MANAGEMENT**

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials' liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2008.

**P. USE OF ESTIMATES**

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2008, the Housing Authority's carrying amount of deposits was \$745,833, which includes the following:

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

Cash and cash equivalents - unrestricted	\$ 42,820
Cash and cash equivalents - restricted	49,123
Investments in certificates of deposit - unrestricted	345,463
Investments in certificates of deposit - restricted	<u>308,427</u>
 Total	 <u><u>\$ 745,833</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, the Housing Authority's total deposits ("bank balances") were \$782,201, none of which is exposed to custodial credit risk.

As of December 31, 2007, Assisted Safe Homes, Inc.'s carrying amount of deposits was \$1,204.

### 3. RESTRICTED ASSETS

Restricted assets at June 30, 2008, are as follows:

Cash and cash equivalents - tenants security deposits	\$ 8,708
Cash and cash equivalents and investments - HAP equity	344,339
Cash and cash equivalents - Section 8 FSS escrow account	4,503
Total restricted assets	<u><u>\$ 357,550</u></u>

### 4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2008:

	General	Housing Assistance Programs	Total
Tenants - rents and other charges	\$ 2,135	\$ -	\$ 2,135
Other	35,427	-	\$ 35,427
Federal, State, and Local Grants	17,065	-	17,065
Subtotal	<u>54,627</u>	<u>-</u>	<u>54,627</u>
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u><u>\$ 54,627</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 54,627</u></u>

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**5. CAPITAL ASSETS**

The following presents the changes in capital assets:

**Primary Government:**

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Land	\$ 221,890	\$ -	\$ -	\$ 221,890
Buildings and improvements	5,354,497	20,986	-	5,375,483
Site improvements	1,181,419	89,034	-	1,270,453
Furniture and equipment	310,780	55,236	-	366,016
Construction in progress	89,035	1,805	(89,035)	1,805
Total	<u>7,157,621</u>	<u>167,061</u>	<u>(89,035)</u>	<u>7,235,647</u>
Less accumulated depreciation:				
Buildings and improvements	3,790,665	197,216	-	3,987,881
Site improvements	1,072,653	20,439	-	1,093,092
Furniture and equipment	328,608	25,084	-	353,692
	<u>5,191,926</u>	<u>242,739</u>	<u>-</u>	<u>5,434,665</u>
	<u>\$ 1,965,695.00</u>	<u>\$ (75,678)</u>	<u>\$ (89,035)</u>	<u>\$ 1,800,982</u>

**Discretely Presented Component Unit:**

	Balance at December 31, 2006	Additions	Deletions	Balance at December 31, 2007
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Buildings and improvements	237,000	-	-	237,000
Total	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Less accumulated depreciation:				
Buildings and improvements	12,209	5,925	-	18,134
Fixed assets, net	<u>\$ 287,791</u>	<u>\$ (5,925)</u>	<u>\$ -</u>	<u>\$ 281,866</u>

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**6. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2008, consisted of trade payables in the amount of \$14,424 for the Housing Authority. The discretely presented component unit had no accounts payable at December 31, 2007.

**7. RETIREMENT SYSTEM**

The employees of the Housing Authority of Natchitoches Parish participate in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees are eligible to participate in the plan on the first day of the month following completion of three months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2008, 2007, and 2006, the Housing Authority's contributions to the plan totaled \$19,791, \$13,525, and \$4,042, respectively.

**8. COMPENSATED ABSENCES**

At June 30, 2008, employees of the Housing Authority had accumulated and vested \$25,286 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made. The cost of leave privileges expecting to require current resources is considered a current obligation, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

**9. LONG-TERM OBLIGATIONS**

**Primary Government:**

Long-term obligations consist of compensated absences in the amount of \$16,623 and a capitalized lease obligation in the amount of \$9,517. At June 30, 2008, long-term obligations totaled \$26,140. The following is a summary of the changes in long-term obligations for the year ended June 30, 2008:

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

	Total	Accrued Compensated Absences	Capitalized Lease Obligation
Balance at July 1, 2007	\$ 14,139	\$ 14,139	\$ -
Additions	37,626	19,421	18,205
Retirements	(12,548)	(8,274)	(4,274)
Balance at June 30, 2008	39,217	25,286	13,931
Less current portion of long-term obligations	(13,077)	(8,663)	(4,414)
Long-term obligations	<u>\$ 26,140</u>	<u>\$ 16,623</u>	<u>\$ 9,517</u>

**Discretely Presented Component Unit:**

Assisted and Safe Homes, Inc. entered into a loan agreement in the amount of \$306,481 with The Peoples State Bank. The loan bears interest at a rate of 7.75% and is collateralized by real estate. The loan is payable upon demand by The Peoples State Bank; however, as long as demand for payment is not made, the loan will be repaid in monthly installments of \$2,529 until its maturity on July 18, 2011, at which time, all remaining principal and accrued interest will be paid. As of December 31, 2007, the balance on the loan was \$295,201.

**10. LEASES**

**Operating Leases**

The Housing Authority leases its building and certain equipment under noncancelable operating leases. The building is leased from Assisted and Safe Homes, Inc. at a rate of \$2,529 per month. The building lease expires on December 13, 2009. The Housing Authority expended \$30,348 under the building lease during the year ended June 30, 2008. The Housing Authority expended \$6,492 under the equipment leases for the year ended June 30, 2008. The following is a schedule of the future minimum lease payments of the operating leases:

Year Ending June 30,	Amount
2009	\$ 31,524
2010	13,233
2011	-
2012	-
2013	-
Future minimum lease payments	<u>\$ 44,757</u>

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**Capitalized Leases**

The Housing Authority records items under capital leases as an asset and an obligation in the accompanying Balance Sheet. During the year ended June 30, 2008, the Housing Authority had a capital lease agreement for the lease of a copier.

The following is a schedule of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2008:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$ 5,010
2010	5,010
2011	<u>5,010</u>
Net minimum lease payments	15,030
Less amount representing interest	<u>(1,099)</u>
Present value of net minimum lease payments	<u><u>\$ 13,931</u></u>

Assets under capital leases are reported in the Balance Sheet in capital assets, net of accumulated depreciation. The cost basis and the accumulated depreciation of these assets totaled \$18,205 and \$4,551, respectively, at June 30, 2008.

**11. LITIGATION AND CLAIMS**

At June 30, 2008, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

**12. COMMITMENTS AND CONTINGENCIES**

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. During the year ended June 30, 2008, costs of \$14,671 incurred under the 2006 Capital Fund Program may be disallowed by HUD and thus, may be subject to reimbursement to HUD. Also, Housing Authority

**HOUSING AUTHORITY OF NATCHITOCHE PARISH**  
Natchitoches, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2008**

management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**13. ECONOMIC DEPENDENCY**

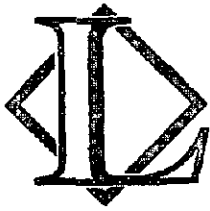
Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,499,006 to the Housing Authority, which represents approximately 87% of the Housing Authority's total revenue for the year.

**14. SUBSEQUENT OPERATIONS**

The Housing Authority has received operating subsidy from HUD in the amount of \$365,632 and housing assistance program funding of \$1,747,140 through December 30, 2009. HUD has approved Capital Fund Program budgets for 2007 – 2009 totaling \$449,209, of which \$80,541 had been expended as of December 30, 2009. HUD has approved the 2009 American Recovery and Reinvestment Act program budget in the amount of \$188,519, of which none of these funds had been expended as of December 30, 2009.



**Independent Auditors' Reports Required by *Government Auditing Standards*; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Single Audit Act (As Amended)***



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Commissioners  
Housing Authority of Natchitoches Parish  
Natchitoches, Louisiana

We have audited the financial statements of the business-type activities, the discretely presented component unit, and each major fund of the Housing Authority of Natchitoches Parish as of and for the year ended June 30, 2008, and have issued our report thereon dated December 30, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be

prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs and identified as item 2008-01 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of Natchitoches Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2008-01.

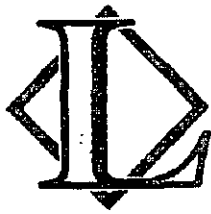
We also noted certain matters that we reported to management of the Housing Authority of Natchitoches Parish in a separate letter dated December 30, 2009.

The Housing Authority of Natchitoches Parish's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Natchitoches Parish's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of commissioners and the management of the Housing Authority of Natchitoches Parish, federal awarding agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Little & Associates LLC*

Monroe, Louisiana  
December 30, 2009



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners  
Housing Authority of Natchitoches Parish  
Natchitoches, Louisiana

**Compliance**

We have audited the compliance of the Housing Authority of Natchitoches Parish with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The Housing Authority of Natchitoches Parish's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Natchitoches Parish's management. Our responsibility is to express an opinion on the Housing Authority of Natchitoches Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Natchitoches Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Natchitoches Parish's compliance with those requirements.

In our opinion, the Housing Authority of Natchitoches Parish complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

## Internal Control Over Compliance

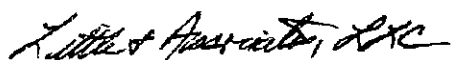
The management of the Housing Authority of Natchitoches Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Natchitoches Parish's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of commissioners and management of the Housing Authority of Natchitoches Parish, federal awarding agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Monroe, Louisiana  
December 30, 2009

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

The auditors' report expresses an unqualified opinion on the basic financial statements.

Internal control over financial reporting:

- No material weaknesses were identified.
- A significant deficiency identified that was not considered to be a material weakness was reported.

An instance of noncompliance material to the basic financial statements of the Housing Authority of Natchitoches Parish was noted.

**Federal Awards**

Internal control over major programs:

- No material weaknesses were identified.
- Significant deficiency(ies) identified that were not considered to be material weaknesses - None Reported.

The auditors' report on compliance for the major federal award programs for the Housing Authority of Natchitoches Parish expresses an unqualified opinion on all major programs.

There is one audit finding disclosed that is required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The programs tested as major programs included:

CFDA #14.871      Section 8 Housing Choice Voucher

The threshold used for distinguishing Type A and B programs was \$300,000.

The Housing Authority of Natchitoches Parish qualifies as a low-risk auditee.

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

See Finding 2008-01 in Section C – Findings – Federal Award Programs regarding non budgeted Capital Fund Program expenditures.

**C. FINDINGS - FEDERAL AWARD PROGRAMS**

Public Housing Capital Fund - CFDA #14.872

**Finding 2008-01**

**Condition and Criteria:** The objective of the Capital Fund Program (CFP) is to make assistance available to public housing agencies to carry out capital and management improvements. During the year ended June 30, 2008, the Housing Authority expended CFP 501-06 funds for ordinary and routine repairs and maintenance in the amount of \$14,671. The HUD-approved budget for its CFP 501-06 did not include a provision for expenditures for ordinary and routine repairs and maintenance.

**Questioned Costs:** \$14,671

**Context:** The Housing Authority expends funds under several Capital Fund Program grants. The total amount expended for the year ended June 30, 2008, by the Housing Authority under all of its Capital Fund Program grants was \$153,804. The questioned costs were isolated to Capital Fund Program 501-06.

**Effect:** Needed structural improvements and management improvements may not be made timely due to a lack of available funds.

**Cause:** Unknown

**Recommendation:** The Housing Authority should expend CFP funds in accordance with the provisions of each HUD-approved CFP budget. In addition, if the Housing Authority is considering expending CFP funds for non-budgeted expenditures, the Housing Authority should obtain HUD's approval of a revised CFP budget prior to expending the funds.

**Views of Responsible Officials:** See the Housing Authority's Corrective Action Plan

**Corrective Action Planned:** See the Housing Authority's Corrective Action Plan

**Schedule 1 (Continued)**

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

**Corrective Action Plan**

The Corrective Action Plan as provided by the Housing Authority of Natchitoches Parish is as follows:

**Finding 2008-01**

Condition Found: Capital Fund Program 501-06 funds were expended for ordinary and routine repairs and maintenance. The HUD-approved budget for CFP 501-06 did not include a provision for expenditures for ordinary and routine repairs and maintenance.

Views of Responsible Officials: While the Housing Authority is in agreement with the auditors' finding, the Housing Authority would like to point out that the routine repair and maintenance expenditures were made in good faith. The units were in need of repairs that were minor but necessary to be performed before the REAC inspection. Some were paid for out of the agency's operating budget, however, some (by oversight) were paid for from the Capital Fund. The invoices were not separated properly and the oversight occurred.

Corrective Action Planned: If the Housing Authority is considering expending CFP funds for non-budgeted expenditures, the Housing Authority will submit a revised CFP budget to HUD and will obtain HUD's approval of the revised budget prior to expending the funds. Otherwise, the Housing Authority will expend its CFP funds in accordance with the provisions of each HUD-approved CFP budget. This type of occurrence will not happen again.

**Person Responsible for Corrective Action:**

Theresa F. Gibson, Executive Director  
525 Fourth Street  
Natchitoches, Louisiana 71457  
318-357-0553



**HOUSING AUTHORITY OF NATCHITOCHES PARISH  
Natchitoches, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2008**

There were no findings for the year ended June 30, 2007.

***Supplemental Information Schedules***

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

**Schedule of Compensation Paid Board Members**  
For the Year Ended June 30, 2008

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members at June 30, 2008:

Dr. Richard Galloway  
927 Nettie St  
Natchitoches, LA 71457  
352-4339 (H) 357-0232 (W)

Mrs. Peggy Braxton  
142 Starlight Point  
Natchitoches, LA 71457  
354-2223  
357-1400 (curves)

Mrs. Elizabeth Dalton  
1688 Hwy 6  
Natchitoches, LA 71457  
352-4930 (H)  
471-3722(C)

Mr. Edward Ward, Jr.  
149 Martin Luther King  
Natchitoches LA 71457  
357-0695 (home)  
352-4405 (work)

NATCHITOCHES PARISH HOUSING AUTHORITY  
Natchitoches, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Public and Indian Housing	14.850		\$ 209,553
Section 8 Housing Choice Vouchers	14.871		1,071,393
Public Housing Capital Fund	14.872		153,804
Disaster Voucher Program	14.DVP		7,473
Public Housing Family Self-Sufficiency under Resident Opportunities and Supportive Services	14.877		<u>56,783</u>
Total U.S. Department of Housing and Urban Development - Direct Programs			<u>1,499,006</u>
Total Expenditures of Federal Awards			<u>\$ 1,499,006</u>

**HOUSING AUTHORITY OF NATCHITOCHES PARISH**  
Natchitoches, Louisiana

**Notes to the Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2008

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

Public and Indian Housing	\$ 209,553
Section 8 Housing Choice Vouchers	1,071,393
Public Housing Capital Fund	153,804
Disaster Voucher Program	7,473
Public Housing Family Self-Sufficiency under Resident Opportunities and Supportive Services	<u>56,783</u>
Total	<u>\$1,499,006</u>

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

**4. FEDERAL AWARDS**

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

***Financial Data Schedule***

HOUSING AUTHORITY OF NATCHITOCHES PARISH  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2008

Entity Wide Balance Sheet Summary

LA166	06/30/2008	Audited/A-133	Project Total	6	14,871	14 DVP	8	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted			5589	1204	37221				44024		44024
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted											
114 Cash - Tenant Security Deposits			8708		40415				40415		40415
115 Cash - Restricted for Payment of Current Liabilities									9708		8708
100 Total Cash			14307	1204	77636	0	0		93147	0	93147
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects			12065						12065		12065
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous			40427						40427		40427
126 Accounts Receivable - Tenants			2135						2135		2135
126 1 Allowance for Doubtful Accounts - Tenants			0						0		0
126 2 Allowance for Doubtful Accounts - Other			0			0			0		0
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery											
128 1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts			54627	0	0	0	0		54627	0	54627
131 Investments - Unrestricted			295337		50128				345463		345463
132 Investments - Restricted					308427				308427		308427
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets			38709		989				38698		38698
143 Inventories			8253						8253		8253
143 1 Allowance for Obsolete Inventories			0						0		0
144 Inter Program Due From					46784	1533			60382	-60382	0
145 Assets Held for Sale											
150 Total Current Assets			421298	1204	483962	1533	0		907997	-60382	847615
161 Land				63000					284890		284890
162 Buildings			221890						5732764		5732764
163 Furniture, Equipment & Machinery - Dwellings			5495764	237000					84323		84323
164 Furniture, Equipment & Machinery - Administration			84323						281693		281693
165 Leasehold Improvements			28 093						1150173		1150173
166 Accumulated Depreciation			1150173						-5452800		-5452800
			-5434668	-18134							

187 Construction In Progress	1805					1805		
188 Infrastructure								1805
189 Total Capital Assets, Net of Accumulated Depreciation	1800982	281855	0	0	0	2082848	0	2082848
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due								
173 Grants Receivable - Non-Current								
174 Other Assets								
175 Investments in Joint Ventures								
180 Total Non-Current Assets	1800982	281855	0	0	0	2082848	0	2082848
190 Total Assets	2222280	283070	483862	1533	0	2860845	-60382	2930463
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	12486		1938			14424		14424
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	9576		2518			12094		12094
322 Accrued Compensated Absences - Current Portion	6380		2274			8653		8653
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Accounts Payable - PHA Projects								
333 Accounts Payable - Other Government	64028					64028		64028
341 Tenant Security Deposits	8708					8708		8708
342 Deferred Revenues	5691					5691		5691
343 Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	4414	285201				289615		289615
344 Current Portion of Long-Term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other			4502			4502		4502
347 Intra Program - Due To	58849		1533			60382	-60382	0
348 Loan Liability - Current								
310 Total Current Liabilities	170141	285201	12765	0	0	478107	-60382	417725
351 Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	9517					9517		9517
352 Long-Term Debt, Net of Current - Operating Borrowings								
353 Non-Current Liabilities - Other								
354 Accrued Compensated Absences - Non-Current	10787		5836			16623		16623
355 Loan Liability - Non-Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	20304	0	5836	0	0	26140	0	26140
300 Total Liabilities	190445	285201	18601	0	0	504247	-80382	443865
508.1 Invested in Capital Assets, Net of Related Debt	1787061	-13335				1773716		1773718





HOUSING AUTHORITY OF NATCHITOCHES PARISH  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008

Entity Wide Revenue and Expense Summary

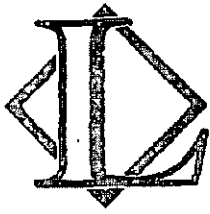
LA166	06/30/2008	Audited/A-133	Project Total	B	14.871	14.DVP	B	COCC	Subtotal	ELIM	Total
70500 Net Tenant Rental Revenue		141,269		30,372					171,641		171,641
70600 Tenant Revenue - Other		18,603							18,603		18,603
70500 Total Tenant Revenue		159,872		30,372					190,244		190,244
70600 HUD PHA Operating Grants		305,538				7,473			1,441,187		1,441,187
70610 Capital Grants		67,819							67,819		67,819
70710 Management Fee											
70720 Asset Management Fee											
70730 Book Keeping Fee											
70740 Front Line Service Fee											
70750 Other Fees											
70700 Total Fee Revenue											
70800 Other Government Grants											
71100 Investment Income - Unrestricted		12,238		19	3,730				15,987		15,987
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fund Recovery					3,594				3,594		3,594
71500 Other Revenue		29,546		8,660	4,525				40,731		40,731
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted											
70000 Total Revenue		575,013		37,051	1,150,342	7,473			1,789,879		1,789,879
91100 Administrative Salaries		126,104			57,516				183,620		183,620
91200 Auditing Fees		10,000							10,000		10,000
91300 Management Fee											
91310 Book-keeping Fee		3,892			4,459				8,341		8,341
91400 Advertising and Marketing		199			63				262		262
91500 Employee Benefit Contributions - Administrative		64,767			22,494				87,261		87,261
91600 Office Expenses		15,848		2,361	27,578				45,817		45,817
91700 Legal Expense		320							320		320
91800 Travel		10,310			5,832				15,943		15,943
91810 Allocated Overhead											
91900 Other		12,008			83,687				85,695		85,695
91000 Total Operating - Administrative		243,438		2,361	201,430				447,259		447,259



96710 Interest of Mortgage (or Bonds) Payable		23,079				23,079		23,079		23,079
96720 Interest on Notes Payable (Short and Long Term)								736		736
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost		23,079						23,815		23,815
96800 Total Operating Expenses										
96800 Total Operating Expenses		29,188			206,560			786,797		786,797
97000 Excess of Operating Revenue over Operating Expenses										
97000 Excess of Operating Revenue over Operating Expenses		7,865		7,473	943,782			983,082		983,082
97100 Extraordinary Maintenance										
97100 Extraordinary Maintenance								19,700		19,700
97200 Casualty Losses - Non-capitalized										
97200 Casualty Losses - Non-capitalized					925,541			931,481		931,481
97300 Housing Assistance Payments										
97350 HAP Portability-In										
97400 Depreciation Expense										
97400 Depreciation Expense		5,925						248,685		248,685
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
97800 Dwelling Units Rent Expense		35,111		5,840	1,132,101			1,986,643		1,986,643
98000 Total Expenses										
10010 Operating Transfer In										
10020 Operating Transfer Out								15,838		15,838
10030 Operating Transfers from/to Primary Government								(15,838)		(15,838)
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In								59,726		59,726
10094 Transfers between Project and Program - Out								(59,726)		(59,726)
10100 Total Other Financing Sources (Uses)										
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses		1,940		1,533	16,241			(216,764)		(216,764)
11020 Required Annual Debt Principal Payments										
11030 Beginning Equity								4,274		4,274
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors										
11050 Changes in Committed Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										

11170	Administrative Fee Equity				118,819			118,819		118,819
11180	Housing Assistance Payments Equity				346,542			346,542		346,542
11190	Unit Months Available			12	4,008			5,136		5,136
11210	Number of Unit Months Leased			12	3,389			4,517		4,517
11270	Excess Cash							206,195		206,195
11610	Land Purchases									
11620	Building Purchases							20,986		20,986
11630	Furniture & Equipment - Dwelling Purchases							259		259
11640	Furniture & Equipment - Administrative Purchases							54,977		54,977
11650	Leasehold Improvements Purchases							1,805		1,805
11660	Infrastructure Purchases									
13510	CFFP Debt Service Payments									
13901	Replacement Housing Factor Funds									

*Management Letter*



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

December 30, 2009

Board of Commissioners  
Housing Authority of Natchitoches Parish  
525 Fourth Street  
Natchitoches, Louisiana 71458

In planning and performing our audit of the financial statements of the Housing Authority of Natchitoches Parish ("Housing Authority") as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

However, during our audit we became aware of a certain matter that we deemed necessary to discuss with you. A summary of our comments regarding such matter are included in ML-2008-01 below. A separate report dated December 30, 2009, contains our report on significant deficiencies in the Housing Authority's internal control. This letter does not affect our report dated December 30, 2009, on the financial statements of the Housing Authority.

We will review the status of these comments during our next audit engagement. We already have discussed the matter noted below with various Housing Authority personnel, and we will be pleased to discuss it in further detail at your convenience.

Sincerely,

*Little & Associates, LLC*

**ML-2008-01**

**Criteria and Condition:** In accordance with state statute, the Housing Authority of Natchitoches Parish's annual financial statements and accompanying independent auditors' report are required to be submitted to the Office of the Legislative Auditor on or before December 31 of each year. The Housing Authority of Natchitoches Parish's annual financial statements and accompanying independent auditors' report for the year ended June 30, 2008, were not submitted to the Legislative Auditor by December 31, 2008, for the following reason:

The U. S. Department of Housing and Urban Development ("HUD") requires that each Housing Authority ("Authority") include an Audited Financial Data Schedule ("FDS") as supplementary information in the Authority's financial reporting package submitted to HUD. HUD also requires that the Independent Auditor issue a SAS 29 opinion on the FDS. The Authority's financial reporting package is submitted electronically to HUD through HUD's Real Estate Assessment Center ("REAC"). The FDS portion of the financial reporting package is prepared and submitted in a format that is prescribed by HUD-REAC. For fiscal year ends ending June 30, 2008, and thereafter, HUD-REAC has prescribed a new format for the FDS. This new format is significantly more complex than the previous FDS, and as a result, HUD-REAC had several delays in implementing the new FDS system. As of December 31, 2008, the new FDS system had not been implemented by HUD-REAC. As a result, the Housing Authority's financial information as of and for the year ended June 30, 2008, could not be submitted in the HUD-REAC system and subsequently, approved by HUD-REAC by the state's required December 31, 2008, reporting deadline.

**Auditee Response and Corrective Action:** While Management of the Housing Authority agrees with the comments noted above, Management believes that the primary cause for the failure in timely submitting the Housing Authority's financial report was due to HUD-REAC's delays in implementing its new FDS system. Management always has strived to meet the state's reporting deadline and will continue to strive to meet future years' reporting deadlines.